

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS REPORT

POMPdeLUX APS 2017



UN GLOBAL COMPACT
COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

POMPdeLUX®



THE NATURE OF OUR BUSINESS

POMPdeLUX ApS is a Danish fashion house founded in 2006 in Aarhus. Since 2015, Marianne Hoffmann Dyrbøl became sole owner of the company.

Our vision is to be the preferred children's brand by selling everyday luxury for children inspired by the latest trends. Besides our high-quality demands, it has always been our goal to deliver a unique design embracing the child's personality. Therefore, we design and produce everything ourselves from the buttons to fabrics and prints. We have a vision to always deliver nice design, high quality, low prices and high customer satisfaction.

All products are designed in Denmark and produced by our agent's suppliers in Turkey, China, India, Pakistan, Bangladesh and Ukraine.

The concept is based on Business to Consumer. That's why we sell through our Shopping Advisors via Social Shopping events and in our online shop. To avoid garment wastages we sell our left over garment in our stock in our own outlet stores.

At POMPdeLUX we do everything to act in a socially responsible way, whether it concerns the environment, production conditions in the Far East or the conditions we have created at our office and warehouse in Denmark.

We want healthy work surroundings, satisfied customers, and happy employees and therefore, we are continuing to improve our performance when it comes to the company's social responsibility.

In 2015 we implemented our CSR-strategy 2015-2018 which support helps us achieving our company goals. The strategy contains the 10 UN Global Compact principles, and we are pleased to introduce our CSR-programme on our website.

ABOUT US

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Address: Omega 3, 8382 Hinnerup, Denmark
Sector: Textile
Employees: 79
Website www.pompdelux.com

COMPANY INFORMATION

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HUMAN RIGHTS PRINCIPLES

PRINCIPLE 1

BUSINESS SHOULD
SUPPORT AND RESPECT
THE PROTECTION OF
INTERNATIONALLY
PROCLAIMED HUMAN
RIGHTS.

PRINCIPLE 2

BUSINESS SHOULD
ENSURE THAT THEY
ARE NOT COMPLICIT
IN HUMAN RIGHTS
ABUSES.

PROMISES

POMPdeLUX takes its responsibility to respect human rights seriously. It is a core value for us to follow the international declared human rights and we ensure no discrimination against any person because of race, religion, gender, age or disability. We will promise to take the UN Guiding Principles into account and we are aware of our social responsibility towards our employees, local society and workers in our supply chain. We demand our suppliers to secure proper labor standards in the factories where our clothes are produced, and we endeavor to improve our social performance in a valid and trustworthy way. We keep on working on our responsible supplier program, Business Social Compliant Initiative and the progress we have achieved during the last eight years makes us very proud.

ACTIVITIES

Our CSR-policy is covering all human rights issues and we have a policy of diversity and equality. According to our policy we have a zero tolerance against discrimination and we encourage every- one to inform their leader if discrimination is observed.

According to our policy all employees and all suppliers to POMPdeLUX must always respect and protect the internationally proclaimed human rights and national legislation. We comply with all national laws relevant to human rights issues in Denmark, as we also respect two collective agreements and we follow a third one on a voluntary basis.

We strive to create a workplace where everyone is giving opportunities regardless to gender or nationality, and endeavor to give men and women equal opportunities for promotion, career and a good family life.

We are convinced that our company is successful also because we have a multicultural culture and welcome all nationalities.

We continue our whistleblower system for the staff to handle any complaints or suspicious observations. Our whistleblower is a key source to innovative information.

POMPdeLUX Aps joined the European Initiative BSCI (Business Social Compliance Initiative) in 2010 and through this concept we are obliged to respect human rights and basic labor standards in our supply chain and to have the factories audited through third part auditors.

We mainly operate in long terms relationships with a smaller group of core suppliers through agents, whom we have cooperated with for a longer time. We have influenced our core suppliers by upholding a constant pressure and demand for complying with the basic human rights principles. Every season our suppliers are committed to follow our code of conduct by signing our supplier manual.

Through our membership and all the working tools, we have gained access to the BSCI Code of Conduct and implemented it successfully in our supply chain. We visit a range of our suppliers at least ones a year and the rest of our factories are visited by our local agents. With the BSCI concept we are also able to measure our progress year by year. We assist suppliers with working tools, awareness training and make sure that all health and safety issues are understood and implemented.

EFFECT FROM ACTIVITIES

- POMPdeLUX ApS comply with Danish labor legislation and thus we are confident that we have no violation of human rights.
- In 2015 we received very few claims and all requests were solved.
- In 2017 75 % of employees on management level or in a position of trust were women.
- In 2017 18 % of all employees are bilingual.
- In 2012 implemented a whistleblower for the staff to have an anonymously place to put forward claims or suspicious observations. Like in all the other years we received very few suggestions in 2017 and all claims were solved.
- In 2017 72 % of BV was produced on certificated factories. 68 % are audited with result A 19 % ,B 11 % ,C 36 % and D 1 % in our BSCI system and 5 % with SA8000.
- Furthermore 100 % of our suppliers has signed and committed themselves to the BSCI Code Of Conduct.
- In 2017 we continue to improve our supplier manual to ensure its uploaded according to latest policies. We made this update two times a year.



LABOUR PRINCIPLES

PRINCIPLE 3

BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

PRINCIPLE 4

BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

PRINCIPLE 5

BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR

PRINCIPLE 6

BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

PROMISES

It is also a core value for us that our social responsibility encompasses activities in our supply chain and not only activities in our own country. Our CSR-policy is covering all international labor principles and we regulate our staff according to Danish legislation and the collective agreements in our area of business. We strive to create a safe and sound workplace for permanent workers as well as all our temporary workers, and we uphold the right to collective bargaining and the freedom of association.

ACTHIVITIES

We have an occupational health and safety policy and we have worked with our working environment for several years in our Occupational Health and Safety committee. According to Danish legislation standards we assess any labor related risks or accidents at POMPdeLUX ApS professionally and we have 4 meetings every year in the OHS committee. We condemn dangerous work, so all employees are introduced to basic Health & Safety topics upon recruitment. During the year we made an investment in defibrillators, which are available both in our administration and in our warehouse.

We condemn unreasonable long working days and meet the Danish minimum standard or the relevant collective agreement for salaries. For monthly paid workers flexible working hours is a possibility. We have a health insurance covering all permanent employees, and everyone has a company paid pension. Everyone has 6 weeks of vacation and paid maternity- and sick leave, and payment for child's first day of sickness.

We enjoy daily lunch facilities in our canteen at favorable prices and get free coffee and fruit. Two times a month our personal hairdresser and masseur is in-house and the employees have the possibility during the working day to use their services against own payment. We also offer car wash during the working hours against own payment.

All permanent workers have a great possibility to buy clothes for their children at favorable prices.

We focus on a good cooperation with the staff. We educate our staff in leading positions always to involve human understanding in all decisions. We focus on a good cooperation and helpfulness among colleagues by valuing the ability to cooperate and work in teams. We show humanity towards our staff whenever they have an unfortunate private situation and we are confident that they will pay us back in their own way.

We continue our whistleblower system for the staff to handle any complaints. It gives an anonymously place to put forward claims or suspicious observations.

POMPdeLUX is committed to ensure influence on human rights and working conditions in our supply chain and we endeavor to improve our social performance in the supply chain in a valid and trustworthy way.

Through our membership in BSCI we have implemented their policies and Code of Conduct in our supply chain. Additionally, we try to help our suppliers with working tools, awareness training courses, and management manuals and make sure that all health and safety issues are understood. We visit our suppliers at least once a year.

EFFECT FROM ACTIVITIES

- POMPdeLUX ApS comply with Danish labor legislation and thus we are confident that we have no violation of working environment laws, basic working rules or the right to freedom of association.
- We have employees on special terms corresponding to 3/4-man year
- In 2017 100 % of all employees have a private health insurance and a company paid pension
- In 2017 we did not offer normal first aid training but everyone received training in our newly invested defibrillator and a new first aid training course is already arranged for April 2018.
- 100 % of all employees have a private health insurance
- Like in all the other years we received very few suggestions in 2017 from our whistleblower system and all claims were solved.
- In 2017 72 % of BV was produced on certificated factories. 68 % are audited with result A 19 % ,B 11 % ,C 36 % and D 1 % in our BSCI system and 5 % with SA8000.
- Furthermore 100% of our suppliers has signed and committed themselves to the BSCI Code Of Conduct.

ENVIRONMENTAL PRINCIPLES

PRINCIPLE 7
BUSINESS SHOULD
SUPPORT A PRECAUTION-
ARY APPROACH
TO ENVIRONMENTAL
CHALLENGES.

PRINCIPLE 8
BUSINESS SHOULD
UNDERTAKE INITIATIVES
TO PROMOTE GREATER
ENVIRONMENTAL
RESPONSIBILITY.

PRINCIPLE 9
BUSINESS SHOULD
ENCOURAGE THE
DEVELOPMENT AND
DIFFUSION OF
ENVIRONMENTALLY
FRIENDLY
TECHNOLOGIES.

PROMISES

We strive to reduce the impact, which we have worldwide from running our business.

Our effort on restricted chemicals has contributed to a general higher awareness of avoiding harmful chemicals in our clothes, zippers and buttons. We are committed to offer our customers as many products as possible with Oeko-Tex standard 100 label or the organic label, GOTS.

We are committed to up-hold chemicals legislation and we observe the EU-Reach as a minimum. Furthermore, our chemical code of conduct follows Oeko-Tex 100 class 1 values, even though they are not labeled. Our suppliers are obligated to inform if any production deviate and in which area the deviation is found. We promise to do random chemical tests made by Bureau Veritas.

ACTIVITIES

We uncover our resources on essential and relevant areas and strive to reduce our consumption pr. employee. An area of focus is our recycling of cardboard, which we increase year by year. In 2012 we developed relevant KPI's for our environmental effort.

Our position on transportation is clear and demands us to prevent from flying clothes to Denmark unless absolutely necessary. Good preparation is the key to the solution in that respect and we endeavor to influence our suppliers to have the same attitude. We have experienced a minor decline in that respect. During the year we start to use railway from Asia as a new way of transportation and we will try to increase this transportation way in 2018.

We strive to have as much of our clothes labeled with the health label, Oeko-Tex 100 to create confidence for our consumers. We also support the organic clothing industry by using the GOTS label on as much organic cotton products as possible. We have an organic collection of underwear/nightwear produced according to the international global standard GOTS and in 2017 we have added more products labeled with GOTS.

Through our membership in BSCI we have implemented our policies, restricted chemicals program and the BSCI Code of Conduct in our supply chain. Additionally, we try to help our suppliers with working tools, awareness training courses, management manual and make sure that all health and safety issues are understood.

We have 100 % signed commitments to our restricted chemicals program from suppliers and all our core suppliers have obtained a higher awareness on environmental challenges in general. We perform chemical testing on a random basis.

EFFECT FROM ACTIVITIES

POMPdeLUX Aps comply with Danish environmental legislation and thus we are confident that we have no violation of environmental laws in Denmark.

In 2017 our measurements of water, heating, electricity and waste are the following:

(Pr. worker)	2015	2017
Water in m3	6,8	9,8
Waste in KG	337	226
Cardboard for recycling in KG	995	895
Heating in MWh og m3	4,0/175	400
Electricity in KwH	4390	4469
Transportation by ship/ air/truck	76/13/11/0 %	64/21/14/1 %
% of BV with Oeko-Tex 100	25,5 %	29 %
% of BV is cotton according to GOTS	6 %	5 %
% of BV with both Oeko-tex 100 and GOTS	-	4 %

- The changes in our measurements of water, heating, electricity and heating are due to our establishment of a new warehouse in 2014 and the result of running both an administration- and a warehouse part.
- In 2017 we had the following grouping of transportation ways ship 64 % / air 21 %/ truck 14 %/ railway 1 % - the increase of truck transportation is due to an increasing placement of orders in Turkey. The increasing figures in air transportation is caused by suppliers not meeting the agreed delivery dates for transporting by sea and railway.
- In 2017 we have 100 % signed commitments to our restricted chemicals program from suppliers.
- In 2017 we succeed to uphold our promise of increasing the production of products with Oeko-Tex 100 and GOTS certification. We not only managed to increase the production of products with Oeko-tex 100 to 29 %, but we also had 5 % with GOTS and 4 % with both Oeko-tex 100 and GOTS certification.

ANTI-CORRUPTION

PRINCIPLE 10
BUSINESS SHOULD
WORK AGAINST
CORRUPTION IN
ALL ITS FORMS,
INCLUDING
EXTORTION AND
BRIBERY.

PROMISES

At POMPdeLUX corruption is not acceptable and we strongly distance ourselves from using bribery or corruption where ever we do business. We strive to influence our suppliers that corruption should be avoided everywhere in their own range of influence.

ACTIVITIES

We have a clear and ambiguous anti-corruption policy. Our policy is covering bribery, corruption, gifts and other facility payments. We expect all employees to work actively to prevent all forms of corruption.

We have implemented our policy in our organization and we strive to influence our suppliers and business partners that corruption should be avoided everywhere in their own range of influence. During the year we usually receive presents from our business partners. We collect all the presents and at Christmas time we do a nice gathering for all employees where a lottery is arranged and the presents are allocated this way.

Through our membership of BSCI we have implemented our policies and Code of Conduct in our supply chain. We try to help our suppliers with working tools, awareness training courses, management manual and make sure that all terms are understood.

POMPdeLUX also has a whistleblower system for the staff to have an anonymously place to put forward claims or suspicious observations. Our Whistleblower is a key source to innovative information and of course we will still be focused on this topic in the future.

EFFECT FROM ACTIVITIES

Bribery and corruption is very rare in Denmark due to tradition and strict legislation. We are confident that POMPdeLUX ApS complies with Danish bribery and anti-corruption legislation and thus we have no violation of national laws in our headquarters in Denmark. We believe that our effort on anti-corruption and bribery have raised awareness among our staff. Until now we have never been involved in a legal dispute regarding corruption.

In 2017 we had no cases regarding bribery or anti-corruption from the whistleblower scheme, and the few claims we had were solved.

COMMUNICATION WITH SHAREHOLDERS



PROMISES

We intend to expand the knowledge of POMPdeLUX Aps as a responsible brand for children's wear.

ACTIVITIES

We teach our Shopping Advisors in our CSR-strategy and communicate directly with our customers through FaceBook, Instagram and newsletters, and we warmly welcome feedback from our many Shopping Advisors.

EFFECT OF ACTIVITIES

Our CSR-strategy folder 2016-2018 can be found on www.pompedelux.dk. This Communication on Progress report 2017 is available at the Global Compact homepage and on our staff blackboard.